

Consultation:	Spending Review 2025 – Phase 2 - Call for Representations		
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HM Treasury Call for Representations Spending Review 2025 – Phase 2

submitted by ADA (Evidence Association of Drainage Authorities)
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About ADA

ADA is the membership organisation for drainage, water level and flood risk management authorities throughout the UK. Today ADA represents over 230 members nationally, including internal drainage boards, regional flood & coastal committees, local authorities and national agencies, as well our associate members who are contractors, consultants and suppliers to the industry.

Our purpose is to champion and campaign for the sustainable delivery of water level management, offering guidance, advice and support to our members across the UK, and informing the public about our members’ essential work.

Summary of Representation

ADA’s primary concern sits with the increasing and unacceptable lack of maintenance of existing flood resilience assets and systems and their continued deterioration across England, including the condition of main river assets and flood embankments in lowland areas. ADA strongly argues that the allocation of available funding for flood defences and flood resilience work in the next Spending Review Period must give high priority to bringing flood risk assets and our main river systems back up to a good standard. Continued under-investment in maintenance of our flood risk assets could have severe consequences for the social, environmental and economic wellbeing of the United Kingdom with potential decline in private investment, increased risk to peoples’ health and wellbeing, and damage to our environment. Other areas covered in this response include asset replacement funding, flood recovery funding, environmental statutory allowances, public sector co-operation and de-maining, and highland water contributions. ADA also remains concerned that the Environment Agency is significantly under resourced within their Area operational teams to adequately maintain their assets and keep them in a good condition. Local Authorities are also in

the invidious position of having continuously reducing resources to manage increasing pressures from all types of flood risk. This Spending Review must take a Governmental cross-department approach, recognising that many government departments will benefit from costs avoided if the right levels of allocation are provide to flood risk management for both capital and maintenance requirements.

Detail of the Representation

1. Maintaining flood resilience assets and systems

- 1.1. England has some extremely well engineered flood risk management assets. This has been our strength, but our position is weakening because of the lack of attention to and funding for the maintenance of these assets. The huge backlog in work required to properly maintain existing flood adaptation/resilience assets in England dates back to policy changes implemented in the mid-1990s. The problem is now so significant that hundreds of millions of pounds will need to be spent on to bring many of these assets up to a serviceable condition. With our changing climate patterns, failure to do so could be catastrophic.
- 1.2. **Maintaining the system** | Much of England’s national approach to managing flood risk for the past 20+ years has been focused around defending people and property with much less attention given to other wider impacts to the landscape, infrastructure and the rural environment. The approach has not given the necessary priority to the essential role of maintaining assets and systems. If our hydraulic catchments had been in a good, well maintained condition, they may have much better accommodated recent rainfall events, or expedited swifter recovery from flooding.
- 1.3. Policy direction and reducing funding for the Environment Agency has forced them to focus maintenance spending only on assets within high flood risk and on high consequence river systems within or close to areas of population. According to their own data, the EA currently manages ~42,000km of main river, of which ~13,000km are deemed by the EA to be of low flood risk consequence. England has a total watercourse length of ~302,400km. Of the ~42,000km of main river, ~9,300km relates to watercourses which are less than 2m wide and ~1,600km of low flood risk consequence systems managed by the EA sit within Internal Drainage Districts.
- 1.4. ADA believes that the current funding approach drives behaviours which focus almost wholly on the creation of new projects at the expense of looking after those already existing. Even new assets being constructed recently have no real commitment to their maintenance over their lifetime. ADA members regularly highlight the poor condition of lowland main rivers, especially in more rural areas, in terms of siltation, trees and other vegetation substantially reducing their capacity and creating pinch points and blockages that may back up a system and exacerbate flooding elsewhere. They also highlight unrepaired damage to main river and coastal embankments, especially where the EA classify the risk as medium or low in terms of numbers of houses protected.

- 1.5. Taking a catchment-based approach, all water managers accept that it is futile to stop maintaining sections of watercourse whilst continuing to maintain other sections of the same watercourse. Such a piecemeal approach results in negative outcomes in terms of flood risk management to society, or for water quality and biodiversity, and we have started to see catchment-wide failures of some defences, such as embankments within the lowland River Witham catchment in Lincolnshire.
- 1.6. Where the Environment Agency is unable to continue the proper level of service to all flood risk assets, ADA strongly advocates for closer working between the Environment Agency and other risk management authorities towards transferring low and medium consequence systems and assets to others to operate, manage and maintain. This Spending Review should make provision for funding to assist with the de-maining of low consequence main rivers and transfer of assets between public authorities on a “spend-to-save” philosophy.
- 1.7. ADA sees substantial opportunity in the local operation and delivery of FCERM, especially within systems with lower consequences to people from flooding. Local delivery offers the potential for better value for money, greater local accountability and delivery, and lower costs proportionate to the risk associated with these lower consequence systems and assets. At the same time, this means local Environment Agency staff can focus their own efforts on the remaining high consequence systems and assets in their area, and having better capacity to do that critical work with the existing resources that they have.
- 1.8. ADA considers that, using a simplified, low-cost “Mechanics of Government” approach, the proper transfer of assets between public bodies represents a sound investment for the future, providing long-term savings. So where assets or watercourses have been under-maintained over a period of years, it is appropriate that investment is made to either put such assets back into a good condition or defray the cost of the receiving authority to do so. ADA asserts that this approach ultimately represents better value for money to the taxpayer, as the alternative would result in further deterioration and greater costs and potential liability for the EA in the future
- 1.9. **Failure of channel embankments** | ADA is very concerned about the increase in sudden failure of embankments along arterial Main Rivers in lowland areas during 2019, and 2023/24. For example, an embankment failed on the Wainfleet Flood Relief Channel, Lincolnshire in June 2019 and on the Barlings Eau and many other lowland tributaries of the River Witham, Lincolnshire in both 2019 and 2023/24.
- 1.10. These Main River arteries flow across lowland areas, such as the Fens, carrying water from higher land in an embanked channel above the height of the surrounding land and communities. Failures in such systems, even where areas are sparsely populated, can represent a significant risk to life, economic and environmental damage, and result in prolonged flooding, with substantial repair and recovery costs. These costs affect the communities impacted, the Environment Agency who manages these assets, and also local RMAs such as IDBs whose pumping and water control assets defend the low-lying community may be put out of operation as a result. There has been a complete lack of focus on the funding needed for maintaining these critical embankments in a good condition,

both in terms of channel capacity and embankment stability and this needs urgently reversing before lives are lost.

- 1.11. **Rebalancing spending** | Within the flood defence grant in aid provided to the Environment Agency by the government, ADA calls for a significant rebalancing of spending between capital and revenue budgets to recognise the increasingly important need for us to properly manage and maintain our flood risk assets and systems.
- 1.12. The Environment Agency has, over a number of years, been slowly starved of funding for operational maintenance and that must be reversed. Internal drainage boards in turn have found it increasingly difficult to do their jobs properly, because they cannot discharge the necessary volumes of water into main rivers or their districts have become increasingly inundated with flood water, both made worse by inadequately maintained main rivers. In making that rebalance, we would without doubt also see water quality and environmental improvements with more operational staff monitoring and managing our water courses on the ground.
- 1.13. **Costs Avoided** | The current funding system does not properly take into account the value of reducing flood risk to infrastructure such as roads, rail, gas and electricity and the much wider impacts to the economy, people, communities and the environment far beyond the directly flooded area. There appears to be no inter-departmental/cross-sectoral consideration of the benefits from better investment in flood risk management saving money in other areas such as public health, transport, energy and business.
- 1.14. **Ageing infrastructure, decarbonisation, and climate resilience of infrastructure** | There is a growing list of existing flood risk management assets coming to the end of their useful asset life that are in urgent need of hundreds of millions of pounds of investment to refurbish or replace them. Their ongoing maintenance in their present condition is often unsustainable and limits the sector's ability to deliver needed carbon reductions. Furthermore, waiting until emergency intervention is required can significantly increase the overall cost of managing flood risk.
- 1.15. ADA would strongly support a focus in this Spending Review on funding to renew and replace deteriorating assets by planning for their sustainable replacement before they require emergency works. ADA would also welcome an 'invest to save' approach by enabling assets to be brought into an operational condition that can then be managed and maintained at the expense of local risk management authorities or others within the local community (see 1.6 to 1.8 above). This could offer significant longer term savings for the Environment Agency and enable greater local involvement in FCERM decision making. Such funding could also support the decarbonisation of existing assets such as pumping stations and help contribute to the UK's net zero targets. Much of this work could be funded through a capitalised refurbishment approach.
- 1.16. **Review of the Flood Funding Appraisal Guidance** | This Spending Review should take full account of any changes to funding policy for Flood Risk Management which may result from the upcoming review of current guidance and rules.

2. Spending to Strengthen and coordinate flood resilience

- 2.1. **Moving towards resilience** | ADA particularly supports the creation of more resilient systems, assets and landscapes with effective funding and support to those who contribute. We should be looking at funding broader solutions that enable assets and landscapes to operate in a multifunctional manner to better manage water as both a resource and flood risk, and quickly recover from extreme events.
- 2.2. **Cooperation between Risk Management Authorities** | England has a well-developed system of governance arrangements between a range of risk management authorities operating at a national (Environment Agency), regional (Regional Flood & Coastal Committees, Water Companies) and local level (Internal Drainage Boards, Lead Local Flood Authorities, District & Borough Councils). England's governance systems were most recently strengthened following the floods of 2007 and the Pitt Review through the Flood & Water Management Act 2010. However, aspects of FCERM in England are overly centralised, require greater resources, especially at a local level, and need to strengthen cooperative working between Risk Management Authorities. There is opportunity, for example within the Environment Agency, to enhance on-the-ground delivery of projects and routine maintenance at zero cost by re-distributing resources from national centres to Area operational teams.
- 2.3. **Public Sector Cooperation Agreements (PSCAs)** | ADA has been working for many years with the Environment Agency, internal drainage boards and local authorities across England to encourage closer partnerships in flood and water level management. The aim is to achieve better and more efficient working practices that utilise local skills and expertise. The PSCA arrangement also allows authorities to work with each other at cost, therefore eliminating what can be burdensome overhead and profit charges for commercial contracts.
- 2.4. ADA strongly supports the existing arrangement for Public Sector Cooperation Agreements (PSCAs) between Risk Management Authorities to allow two public sector bodies to set out how they will deliver public tasks of mutual benefit together. Each agreement places both parties on a sound legal basis to efficiently deliver river and coastal maintenance works and provide mutual assistance during flood events and subsequent flood recovery works. There is opportunity for significant increase in the use of PSCAs.
- 2.5. **Local authority resources** | One area that Government particularly tried to strengthen in the Flood & Water Management Act 2010 was the role of local government in FCERM. County and unitary councils became Lead Local Flood Authorities (LLFA) under the Act with responsibility for the overview of surface water flood risk within their respective areas.
- 2.6. LLFAs report a significant divide between their FCERM responsibilities and capacity, alongside the gradual decline of specific flood and drainage expertise and staffing levels.
- 2.7. ADA supports this Spending Review supporting the functions, powers and resources of county and district councils to carry out flood risk management work and the consideration of ring-fenced allocations to local authorities for that work.

2.8. Facilitating greater local choices | Whilst it is agreed that national funding should be spent in accordance with national priorities, some funding within the FCERM budget is derived locally or regionally. Examples include, Precept funding paid annually by IDBs to the Environment Agency, and Local Levy paid annually to the EA by LLFAs. Both represent funding that should contribute towards local priorities based on local choices made through the existing RFCC system. ADA supports RFCCs and the EA taking a local choices approach that positively engages with those who contribute such funding allowing the EA, IDBs and local authorities to mutually agree local priorities for spending.

3. Resources, funding and support for flood resilience

3.1. Invest to save | ADA has always advocated a strong need to invest in new flood defences, and innovative approaches to reducing flooding, as well as in England's existing flood risk management infrastructure and maintenance of rivers and embankments. However, emphasis should not only be placed on new flood defences, but upgrading aging ones. ADA continues to make the challenge that nationally, that we need to 'invest to save' through a concerted asset renewal or improvement campaign, given the age of some of these assets and watercourses, and the cost of keeping them functioning in their current condition.

3.2. Asset Replacement | ADA has also formally challenged Defra about why a new £40 million Asset Replacement Fund has been ring fenced solely based on the Environment Agency's needs. Defra appears not to have considered the requirements of other RMAs with similarly aging critical assets. Without focussing on the funding for FCERM assets in a catchment as a whole, regardless of their ownership, we will not achieve the aspiration of our next National FCERM Strategy to better integrate the management of catchments as a whole. An interlinked and interdependent system is only as strong as its weakest link.

3.3. ADA asks that consideration is given to expanding and extending asset replacement funding to other RMAs, such as IDBs that need to refurbish and replace existing pumping stations in lowland England, which are coming towards the end of their operational life. By facilitating innovation through such a fund these stations could:

- ensure that they are more resilient to flooding themselves (e.g. raising electrical equipment and ensuring a route of access during flood conditions),
- be more sustainable (e.g. variable speed electrical motors, and include renewable energy sources such as PPV panels, both reducing electrical, and therefore carbon use),
- retain more water safely, especially important to preserve water resources during periods of dry weather,
- be more integrated (e.g. in the Isle of Axholme the EA, local IDBs and the Coal Authority are looking at rationalising a larger number of existing stations into a fewer number of more capable, reliable, and better resourced stations, by making modest alterations to the existing network of watercourses, and
- enhance the aquatic environment (e.g. improved impeller design to reduce eel and fish mortality, so called 'fish friendly pump' technology).

- 3.4. **Recovery funding** | Risk management authorities in England do not have an agreed consistent mechanism for recovering costs and damage to flood resilience assets and systems following major flood events.
- 3.5. Following major flooding in the winter of 2019/20, several IDBs in Eastern England saw damage to their assets and systems due to the consequences of failures of embanked main river systems [river bank breaches, overtopping and significant bank seepage], but a formal emergency situation was not declared. No funding support was provided nationally by government to IDBs and Bellwin grant was not triggered for local authorities as the threshold for the financial assistance was not passed for those local councils. The Environment Agency received a national grant of £120 million for their own costs from the Treasury.
- 3.6. The opposite has been true following the floods of the winter of 2023/24, where the EA estimates costs and damage to infrastructure in the region of £200 million but received no additional financial resources from government. IDBs received a package of support of £75 million from Defra, funding originally allocated to Defra's farming budget but underspent. £25 million has been allocated to flood incident recovery and costs and £50 million to enhancing the resilience of assets and systems.
- 3.7. The above highlights the inconsistency of approach, and therefore uncertainty of how recovery of assets and systems following flood events will be afforded without impacting the management, maintenance, and future investment in flood defences and systems by those risk management authorities impacted. ADA asks that the Spending Review
- 3.8. **Pumped Catchments** | In the 10% of low lying areas of England, much of the drainage in those areas relies on the pumping of water from levels below sea-level into main rivers or out to sea. Significant investment was made in pumping equipment in these areas in the two decades or so following the devastating floods of 1953 but most of those pumps are now life expired. These areas cannot function without this equipment and Spending Review funding must be prioritised for asset replacement in these catchments (see 3.2 and 3.3 above).
- 3.9. **High Land Water Contributions** | Many Internal Drainage Boards in lowland areas receive water into their districts from higher land and have historically received payment support to pump or release that water out of their districts either into Main Rivers or to sea. This is a discretionary payment agreed annually with the Environment Agency and in recent years has come under significant pressure as a result of decreasing funding allocations to the Environment Agency.
- 3.10. Until recently, the majority of Highland Water claims were settled in full, reflecting the actual costs of an IDB to pass forward this water. In the last few years, there has been a growing gap in the level of claim being made and the amount of funding being given to IDBs. For example, in the Great Ouse RFCC area, for 2024/25, the total claim was £1.7m of which £1.35m was deemed affordable by the Environment Agency. For 2025/26, the gap has widened considerably with an estimated IDB claim of almost £2.1m versus a reduced projected allocation of just under £1.1m.
- 3.11. The pumping or sluicing of water will be required and therefore any shortfall will have to be paid by the IDB and its local ratepayers. There is a risk that smaller IDBs

may be forced into financial difficulty as a result of this situation and ADA therefore asks that the Spending Review directs the Environment Agency to agree to the at-cost contributions required to deal with highland water quantities.

4. Funding considerations for the Environment

- 4.1. **Catchment management** | ADA supports a whole catchment management approach in order to effectively manage water both as a resource and as a flood risk. It is important to ensure that throughout a catchment a variety of measures are implemented effectively in the most appropriate parts of a catchment, including those measures termed natural flood management. In England we need to increase and empower local professionals within Risk Management Authorities and communities to manage and operate these catchments together.
- 4.2. **Natural Flood Management (NFM)** | As we increasingly employ measures that utilise habitats as attenuation within the landscape, it is important that these are implemented with care. Just as with harder defences, it is important for NFM measures to be maintained and remain effective throughout their lifespan. This means that they must receive adequate funding to be maintained and managed effectively.
- 4.3. **ELMS** | The Agricultural Act 2020 outlines several public goods through which financial assistance will be provided – this includes the management of land, water or livestock in a way that mitigates or adapts to climate change, or helps prevent, reduce or protect against environmental hazards, including flooding. This offers an opportunity to further enhance the role of farmers and the agricultural landscape to reduce the risk of flooding to infrastructure and communities within the Environmental Land Management Schemes (ELMs). However, to date flood risk management has not been widely integrated in the discussions around ELMS, which may result in opportunities to further reduce flood risk within the landscape being missed.
- 4.4. **Washlands** | ADA would support the changes to agri-environment funding in England being used to explore offering the right long-term incentives/compensation to landowners to enable productive farmland to be utilised for flood storage. We think that such funding should be nationally available where the storage provision is agreed and coordinated with a risk management authority, and flood water is stored in a controlled manner that enables flood water to be swiftly evacuated from land after the flood peak has passed. One aspect of funding for such an approach is to recognise that any flood risk infrastructure requirements, such as control structures, embankments and spillways, should be managed by a local risk management authority.
- 4.5. The Room for the River programme in the Netherlands offers an inspirational example of reengineering for our lowland landscape to create greater flood storage and aquatic habitat, whilst at the same time retaining productive agriculture, communities and heritage. Room for the River has been achieved by national bodies working with local partners in the Netherlands, such as the 21 regional water boards.
- 4.6. **Environmental Statutory Allowance (ESA)** | Within the £5.2bn 2021 – 2027 capital investment programme, £160m was “ringfenced” as Environmental Statutory

Allowance (ESA) funding. Of this, £140m was for statutory protected habitat projects to comply with the Conservation of Habitats and Species Regulations 2017 and the Wildlife and Countryside Act 1981. Internal Drainage Boards (IDBs) are responsible for over 400 designated environmental sites across England that require special water management via water level management plans (WLMPs) and pumping/water control infrastructure

- 4.7. Legal obligations for IDBs to maintain these water levels using their assets means that any projects relating to their improvement or replacement should be ESA funded. However, due to shortfalls, funding is no longer available within this spending period and so a whole series of maintenance and improvement projects to comply with legal obligations can no longer take place. This puts IDBs in an impossible situation of not being able to do the necessary work and at the same time failing their duty of compliance and risking sanctions for so doing.
- 4.8. It is therefore crucial that the upcoming Defra Partnership Funding review ensures the replacement or continuation of a funding mechanism similar to the current ESA. The size of this funding allocation also needs to be increased in order to meet the needs of all Risk Management Authorities with responsibilities for managing environmentally designated sites. This funding is vital to fill the funding gaps for projects that cannot secure full funding under the current Partnership Funding Calculator rules which govern Grant-in-Aid eligibility.